

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Investigation of Alascom, Inc.)	CC Docket No. 95-182
Interstate Transport and)	
Switching Services)	

REPLY OF ALASCOM, INC.

Alascom, Inc., a wholly owned subsidiary of AT&T Corp. ("Alascom"), by its counsel, hereby submits its Reply to ACS-LD's Response to Alascom's Statement, dated December 12, 2002, and to GCI Response to Statement of Alascom, Inc., dated December 10, 2002, in the above-captioned proceeding.

ACS Long Distance ("ACS-LD") and General Communication, Inc. ("GCI") both object to the Statement filed by Alascom by which it stated that it will maintain its current Tariff No. 11 rates. Alascom submits that the concerns expressed by ACS-LD and GCI are unfounded and should be rejected by the Commission.

As recounted in its Statement, more than two years ago Alascom demonstrated to the Commission that Tariff No. 11 was uniquely burdensome and based upon antiquated regulatory policies that are no longer justified. Alascom requested that the Commission permit it to phase out Tariff No. 11 by capping its rates at existing levels and allowing a two-year monitoring period during which Alascom would deploy more efficient and

effective services than those offered under Tariff No. 11.¹ Tariff No. 11 requires that Alascom disaggregate all of its service costs within Alaska by location -- resulting in more than 900 separate cost points. No other carrier has ever been forced to provide a service based upon stand-alone location-specific costs.

Both GCI and ACS-LD have a history of opposing the annual revisions to the Tariff No. 11 rates. Avoiding the unwanted and unnecessary revision now saves the resources of the parties, including ACS-LD and GCI, the Commission's staff, and Alascom, from the empty exercise of revising them once again, which has occurred each year from 1995 without noticeable public benefit. The current rates simply would remain in place, as would the long-standing accounting order which would allow refunds to GCI and ACS-LD in the unlikely event that these rates ever are determined to be unjust.

The long-standing undisputed facts of record include:

- AT&T is the only substantial "customer" of Alascom's Tariff No. 11 service. Under Tariff No. 11, AT&T is the "customer" for 99% of all non-Bush traffic, and 84% of all Bush traffic, meaning that AT&T is responsible for 97% of total Tariff No. 11 traffic. *See Petition*, p. 21.
- For years, at least two interexchange carriers had facilities-based access to more than 90% of all Alaskan access lines. *See Petition*, p. 5.
- By 1998, GCI had an interstate traffic market share substantially similar to that of Alascom. *See Petition*, pp. 6-7
- Other carriers, such as ACS-LD, Matanuska Telephone Association, and Alaska Network Systems have entered the interexchange market.

¹ *See AT&T Corp. and Alascom Inc. Petition for Elimination of Conditions Regarding the AT&T-Alascom Relationship*, filed March 10, 2000, initiating a pleading cycle under CC Docket No 00-873 ("Petition").

These carriers have established customer bases, enabling them to be significant interexchange competitors in Alaska. *See Petition*, p. 8.

Tariff No. 11 has virtually no impact on the state of competition in Alaska because, essentially, it is unused except for the service taken under it by AT&T Corp, Alascom's parent. Amounts of service of a few percentage points of total taken by ACS-LD and GCI should be considered to be *de minimis*, and therefore, their basis for objection is not credible. Indeed, ACS-LD incorrectly alleges that Tariff No. 11 is "an extremely important tariff to promote long distance competition in Alaska." *See ACS-LD's Response* at p.1. An offering effectively unused rationally cannot be considered "important" to ACS-LD or anyone else.

Alascom rejects GCI's suggestions that it has failed to keep its accounting records consistent with Commission requirements. In fact, Alascom keeps its books in accordance with such orders and requirements.

The development of competition in the Alaskan long distance market and the burdens of producing an annual rate revision justify Alascom's Statement. Objections by GCI and ACS-LD should be considered little more than use of the Commission's processes to thwart competition from Alascom. There is no harm to the public interest in holding the Tariff No. 11 rates steady, and therefore, the Commission should reject the ACS-LD and GCI Responses.

However, in an accommodation to the concerns expressed, and in an effort to clarify the record more fully, Alascom intends to prepare a formal

request for waiver of the relevant Commission orders, rules and policies that attach to the Tariff No. 11 annual rate revisions. Alascom anticipates submitting that waiver request early in January 2003, shortly after the conclusion of the holiday season.

Respectfully submitted,

ALASCOM, INC.

By ____/s/_____
Charles R. Naftalin
Holly R. Smith
Holland & Knight LLP
2099 Pennsylvania Avenue, NW
Suite 100
Washington, DC 20006-6801
(202) 457-7040

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